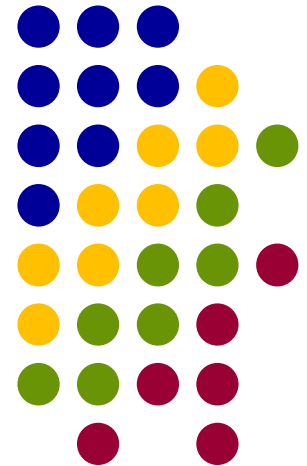
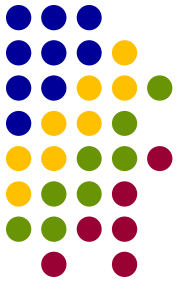


FY20 Comprehensive Annual Financial Report (CAFR)

Presented: April 27, 2021



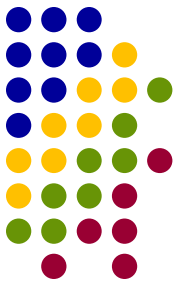


Management Letter Response

1. Cash Management – Agency Funds – Tax Commissioner’s Office –

Although the Finance Department has no direct oversight of this Office, this issue was discussed with the Tax Commissioner. The Tax Commissioner understands the concerns of the external auditors and responds as follows:

- Strengthening of Internal Controls – The Accounting Operations Administrator has numerous complex and labor-intensive responsibilities outside of the administration of internal controls. The Tax Commissioner will address this in the 2022 budget review by requesting to add a financial analyst position. The strong accounting background needed for this new position will allow the reallocation of resources to ensure adequate staffing for implementation of stronger internal controls and segregation of duties. In addition, the analyst will create necessary redundancy in our system to ensure successful secession planning.
- Updates of Return Check Policy – Note the attached returned check policy updated July 2020.
- Cash Shortage – The Tax Commissioner’s Office is investigating the \$292,000 shortage over multiple years which appears to be an accumulation of returned checks.
- Fees from Financial Institutions – Financial institution fees are now deducted prior to monthly disbursements to Muscogee County. The Tax Commissioner is also considering other financial institutional partners to reduce future fees.



Management Letter Response

2. Segregation of Duties – Agency Funds – Magistrate Court, Probate Court, and the Muscogee County Jail –

Although the Finance Department has no direct oversight of these agency funds, the Finance Department solicited responses from the Offices noted. Probate Court indicated that additional staffing would facilitate a change in current processes since current staffing levels negates a complete segregation of duties at this time. Both the Muscogee County Jail and the Magistrate Court will continue to review their current processes for improvements. However, both agencies advised that there is currently more than one individual involved in the cash deposit & disbursement approval processes.



Management Letter Response

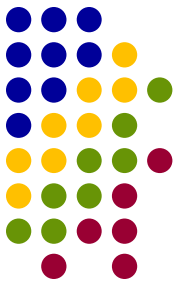
3. Pooled Cash Reconciliation – Due to current staffing levels, the performance of the bank reconciliation by the Finance Director was unavoidable. The Finance department's approved staffing level is considerably lean, which makes succession planning difficult as employees resign for better employment opportunities. As a department, we are missing depth in our positions that would allow us to have viable backups. While the Finance Director performs these duties, direct oversight from the Deputy City Manager is required. However, as recommended by the auditors, the Finance Department will be requesting additional staffing in the next budget cycle to facilitate this process.



Management Letter Response

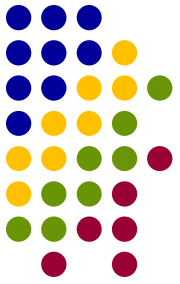
4. Tax Escrow Accounts – Superior Court – Although the Finance Department has no direct oversight of this Office, the response from the Clerk of Superior Court is as follows:

The responsibility for Tax Escrow Accounts, as the name connotes, is that of the Tax Commissioner. The Tax Commissioner apparently had a practice with the prior Clerk to place funds in “escrow” and then later determine the proper disbursement without any documentation. I have ended that practice. I have asked the Tax Commissioner, and she has agreed, to immediately petition the Court to have all such funds returned to the Commissioner or disbursed to the appropriate recipient. We have discontinued accepting funds in this manner. Once my requested forensic audit is completed, I will be able to identify, precisely, which funds fall into this category and disburse them appropriately.



Management Letter Response

5. Old Outstanding Checks – Agency Funds – Superior Court and Magistrate Court – Although the Finance Department has no direct oversight of these agency funds, the Finance Department, solicited responses from the Offices noted. Magistrate Court advises that they are working with the Georgia Department of Revenue and have already begun the escheatment process in accordance with the State of Georgia’s unclaimed property program. The Superior Court Clerk advised that the Clerk’s office has reviewed the old outstanding checks and will continue to seek additional assistance & guidance from the Forensic Auditors to help determine which checks are truly outstanding and which checks should be voided.



Questions?